

# ACA Update: Cadillac Tax delayed until 2022



## ***Implementation of Cadillac Tax Delayed Two Years***

On January 22, 2018, Congress [passed a new continuing resolution](#) to fund the operations of the federal government. A part of the resolution includes a change which pushes back the implementation of the Cadillac Tax. This Affordable Care Act (ACA) provision, which is an excise on high-cost health plans, has been delayed for implementation until 2022.

### ***What this change means for you***

This delay creates a two-year extension for employers prior to implementation of the Cadillac Tax. This moratorium now postpones the excise tax on high-cost employer-sponsored health coverage until the 2022 tax year. The tax itself would only apply to amounts greater than the scheduled limits and would be applied to 40% of the excess benefit amount. The scheduled amounts are currently set at:

- Individual coverage: \$10,200
- All other coverage: \$27,500

These limits were written into law in 2010, and further changes to the excise tax are entirely possible from future legislation and/or regulatory action.

### ***What this change doesn't mean***

This two-year moratorium is a delay for the Cadillac Tax, not the termination of the excise tax. It's important to know that the tax is now scheduled for implementation in the 2022 fiscal tax year. Since there is no further clarification of how the tax will be implemented, there is still a lot of uncertainty about specifics of what it will mean for employers. At this point, any source that claims certainty on how the tax will be implemented, whether it will be implemented or at what levels the tax would be implemented at are not credible.

### ***Key Takeaway:***

It would be prudent of all of us to understand what the Cadillac Tax is, stay mindful of your health insurance costs and be aware of federal guidance/legislation that may alter the tax. Moving forward we encourage you to continue to work with your insurance experts to identify ways to continue to be manage your health insurance costs. M3 will continue to keep you apprised of changes to the Cadillac Tax or any other component of the Affordable Care Act which could affect your organization.

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The information above is a summary of laws and regulations regarding provisions relating to provisions in the Patient Protection and Affordable Care Act (PPACA). The information should not be construed as legal or tax advice. In all cases, employers should be advised to consult with their accountant or legal counsel for assistance.

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